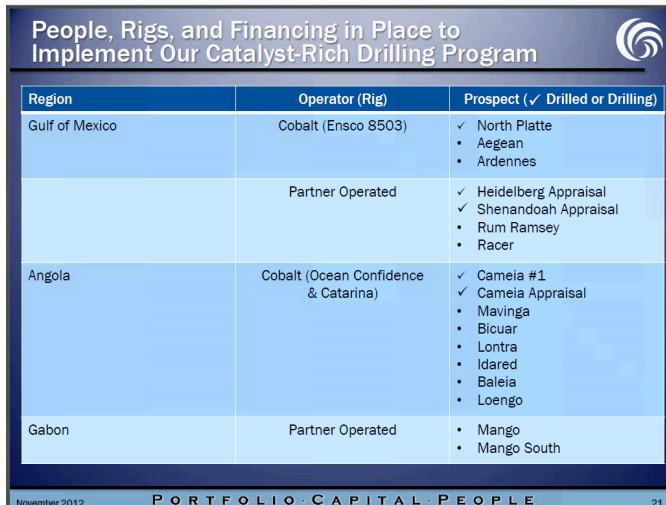



APPENDIX 1

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THE CAC'S CHARACTERIZATION OF CERTAIN STATEMENTS VERSUS WHAT THOSE STATEMENTS ACTUALLY SAID

Wells-Related Allegations	
Allegation in the CAC	Cobalt's Actual Statement
<p>"In a November 2012 presentation to investors, Cobalt again highlighted Lontra as part of its 'rich drilling program.'"</p> <p>CAC ¶ 102.</p>	 <p>Ex. 24, 11/14/2012 Investor Deck, at 21.</p>
<p>"Another slide from the presentation, titled '2013: Exceptional Exposure to High Impact Exploration and Development' listed Lontra as a 'high impact' oil well for 2013. These statements were materially false and misleading because rather than being a 'high impact' well with a billion barrel potential, Lontra contained a significant quantity of unmarketable gas." CAC ¶ 161.</p>	 <p>Ex. 28, 2/5/2013 Investor Deck, at 18.</p>

<p>“As part of this offering, Defendants continued to highlight Cobalt’s Lontra well, stating in the offering materials that it and Loengo (discussed below) were ‘large [and] oil-focused.’”</p> <p>CAC ¶ 103; <i>see also id.</i> ¶ 106 (complaining about the same statement in Cobalt’s May 7, 2013 Offering Materials).</p>	<p><i>“Oil-focused, high margin inventory with near-term catalytic events</i></p> <p>We believe our oil-focused prospects, if proved to contain commercial hydrocarbons, will create significant shareholder value resulting from strong oil price fundamentals and the economies of scale typical of large offshore oil field developments. We have several near term exploratory and appraisal wells to be drilled over the next 12 to 18 months. Among these are several large, oil-focused wells in the deepwater U.S. Gulf of Mexico, including our Shenandoah, Rum Ramsey, Racer, Ardennes and Aegean prospects, and in the deepwater offshore Angola, including our Bicular, Mavinga, Lontra and Loengo pre-salt prospects, and in the deepwater offshore Gabon, including our Mango and Mango South pre-salt prospects.”</p> <p>Ex. 27, 1/16/2013 Form 424B7, at S-3; <i>see also</i> Ex. 34, 5/8/2013 Form 424B7, at S-4.</p>
<p>“During a February 26, 2013 investor conference call, Bryant told investors that Cobalt had determined that ‘Lontra could be several times the size of a Cameia’ based on its ‘all hands on deck strategy there to get the earliest data.’ Bryant singled out Lontra as particularly important and lucrative for Cobalt, stating that, out of all of the prospects Cobalt was testing this year, only Lontra could be larger than Cameia and listed Lontra as one of ‘four of the world’s most anticipated wells.’”</p> <p>CAC ¶¶ 104, 163.</p>	<p>Bryant: “The Block 20 seismic program began in late 2011 and we finished that acquisition up in 2012. The team is still working through that diligently. What I can say about the Block 20 3D is that we continue to like what we see. We’re not finished with it yet. I will point out that we had an all hands on deck strategy there to get the earliest data from that acquisition on the Lontra prospect. And we had everybody focused on finishing up the Lontra interpretations so that we would be in a position to spud Lontra here immediately.</p> <p>...</p> <p>I think what we said is they are all similar sized to Cameia not larger than Cameia, except for Lontra, which in Lontra could be several times the size of a Cameia.</p> <p>...</p> <p>In 2013, we’ll drill an extraordinary array of world-class exploration wells. Very shortly, we will be simultaneously drilling four of the world’s most anticipated wells at Ardennes, Lontra, Mavinga and Diamond, each with material Cobalt working interest. After those wells are complete, we will commence the drilling of an additional prospect [site] in both our prolific West Africa and Gulf of Mexico inventories. This activity and portfolio is an outcome of our focus on being the first mover and leader in, what we believe, will be new oil producing trends of global significance. It is especially gratifying to know that we have a balance sheet to carry out all of those operations and I look forward to sharing the results of this prolific drilling program as soon as they are available.”</p> <p>Ex. 30, 2/26/2013 Call Tr., at 9–10, 13.</p>

<p>“Farnsworth also stated that Lontra was ‘a significant discovery’ and that tests had revealed that ‘we found a very good quality reservoir at Lontra’ that was of such high quality that Cobalt was ‘encourage[d] for the entire block [20].’”</p> <p>“Farnsworth concluded that Lontra ‘is an oil field plus a very complex gas field.’”</p> <p>“When asked by a Credit Suisse analyst for ‘a little about how you are thinking about gas to oil ratios that you have seen, and how it might impact your view of the [Lontra] development,’ Farnsworth assured investors that ‘we know there is oil in this structure’ and “this is not the big gas field’ that Cobalt could not monetize.”</p> <p>CAC ¶¶ 107, 173.</p>	<p>Bryant: “But until we can actually get a drill stem test done and collaborate and corroborate all of the data that we’ve got in that area of the basin, the right thing to do is to tell you that we are sure we have hydrocarbons, oil and gas, and we need to get a drill stem test off to tell you more.</p> <p>...</p> <p>“[A]s we’ve said, you all know I am wrong every time I predict anything, but safest thing to do is to tell you we are at the stage now where we are preparing for the test. You know, generally, that takes some time, and we will try and get you some more data as soon as we have it and are sure of what it means.”</p> <p>Farnsworth: “What we had anticipated at Lontra was a different type of reservoir facies that was more similar to what’s been seen in the Campos Basin, and the Santos Basin, and Brazil. And so this was an important test for us, but it was also a new test at a different facies. And so that’s why we want to be careful we understand the implications of what we found.”</p> <p>...</p> <p>Crédit Suisse: “And then ga[s] versus oil, obviously, I think on the call this morning BP were saying this was a potentially large discovery. Obviously, it may be a big gas here relative to some of the other [plays], but -- and, obviously, the [PSE terms don’t necessarily have exposure for how to monetize the gas. But, presumably, that provides some drive as well to the reservoir, which may improve the recovery of the oil. Maybe just talk a little about how you are thinking about the gas to oil ratios that you have seen, and how it might impact your view of the development. Again I know very early stage.”</p> <p>Farnsworth: “Ed, I will try that. First of all, you are right. The PSE that we have not, only we but virtually everybody else, does not include gas rights. The issue here is that we know there is some gas in this structure, and we know there is oil in this structure. What I would say this is not is a nonassociated gas field. At least That’s our current view. So this is not the big gas field. It is an oil field plus a very complex gas field based on the preliminary data we have. Notwithstanding that, it [] appears to be a significant discovery.”</p> <p>...</p> <p>“And then, as I mentioned, we are encouraged by the reservoir characteristics, as well. But we are holding our judgment until we have the test done. It will, hopefully, be done by the end of the year.”</p> <p>...</p> <p>Bryant: “No, I didn’t say -- I don’t think I did say it was primarily an oilfield[.] What I’ve said is -- I hope I have said is that we know there is oil in Lontra. We know there is some gas in Lontra. What we don’t know is the splits between the oil and the gas, and exactly where it is in the structure at this point and</p>
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	<p>[t]hat’s why we need to do more work.”</p> <p>JP Morgan: “[B]ut at Lontra, there is one interpretation that yes, you have hit the oil/water contact?”</p> <p>Bryant: “We are moving into those evaluations right now. I hate to be vague, but we really do want to have the test information before we understand and can describe where any contacts are.”</p> <p>Ex. 42, 10/29/2013 Call Tr., at 8–12, 20–21.</p>
<p>“Defendant Farnsworth responded by distinguishing Block 9 as particularly reliable. He stated that, based on ‘a new 3-D survey over the block,’ it was ‘much to [Farnsworth’s] delight’ that Cobalt ‘found quite a large structure, which we think has a 250- to 500 million-barrel potential. That’s what’s called Loengo. . . [which was] certainly in a block that we know there’s oil in it.’”</p> <p>CAC ¶¶ 113, 178.</p>	<p>Farnsworth: “Block 9 is a block that actually has wells in it already, from back in the 1980s, and that have oil in those wells. And, in addition, there was an industry well that was drilled by Maersk just a couple of years ago that sits just immediately to the west of Block 9. So it’s clearly an oily trend. And what we did was require a new 3D survey over the block. And much to my delight, we found quite a large structure, which we think has a 250 to 500 million-barrel potential. That’s what’s called Loengo. The only difference between Loengo and the other structures we’ve drilled thus far is that it does have a stratigraphic element of traffic. Those typically have higher risk. So this will be the -- we drill Loengo, it’s likely going to be the first or second well we would drill to test. Kind of a new concept, but within the known stratigraphy that we’ve been so successful in so far, and certainly, in a block that we know there’s oil in it.”</p> <p>Ex. 48, 2/27/2014 Call Tr., at 9.</p>
<p>The statement that its “oil-focused below-salt exploration efforts have been successful” “was untrue because Cobalt’s Loengo well was not oil-focused” or “successful,” and Cobalt was forced to disclose facts showing that Loengo was a “dry hole.”</p> <p>CAC ¶ 259.</p>	<p>“Since our founding in 2005, our oil-focused, below-salt exploration efforts have been successful in each of our three operating areas, resulting in nine discoveries out of the fourteen exploration prospects drilled. These nine discoveries consist of North Platte, Heidelberg and Shenandoah in the U.S. Gulf of Mexico; Cameia, Lontra, Mavinga, Bicuar and Orca offshore Angola; and Diaman offshore Gabon. In addition, we have an interest in a 10th discovery as we are currently participating in a partner-operated appraisal well on the Yucatan discovery in the U.S. Gulf of Mexico. As of December 31, 2013, we had 7.9 million barrels of oil and 3.4 billion cubic feet of gas of net proved undeveloped reserves, all of which is attributed to the Heidelberg field.”</p> <p>Ex. 54, 5/7/2014 424B3, at S-1.</p>

FCPA-Related Allegations	
Allegation in the CAC	Cobalt's Actual Statement
<p>"In investor presentations dated September 10, 2013, October 29, 2013, and December 3, 2013, Cobalt stated that it had 'world class . . . partners' in Angola, and that it had engaged in 'partnerships with leading global deepwater operators' in the country."</p> <p>CAC ¶ 170.</p>	<div data-bbox="784 281 1421 546">  <p>World Class Operations and Partners</p> <p>Successfully drilled some of the most challenging deepwater wells; 7 material discoveries to date</p> <p>Heidelberg development sanctioned; Cameia, Shenandoah, and North Platte next in line</p> <p>Partnerships with leading global deepwater operators</p> </div> <p>Ex. 43, 10/29/2013 Investor Deck, at 7; Ex. 46, 12/03/2013 Investor Deck, at 6; <i>see also</i> Ex. 40, 9/10/2013 Investor Deck, at 7.</p>
<p>"On March 11, 2011, Cobalt filed a Form 8-K that noted that the SEC made informal requests to Cobalt seeking information regarding the Partnership. . . . Cobalt further stated that 'Nazaki is a full paying member of the [Partnership]'"</p> <p>CAC ¶ 133.</p>	<p>"In [Cobalt's] Annual Report, Cobalt noted that last year it had become aware of allegations of a connection between senior Angolan government officials and Nazaki Oil and Gáz, S.A. ('Nazaki') and that Cobalt was continuing to look into the allegations. Nazaki is a full paying member of the contractor group for Blocks 9 and 21 offshore Angola. Cobalt is also a member of this contractor group holding a 40% working interest in and is the named operator of these blocks.</p> <p>On March 9, 2011, the SEC contacted Cobalt by telephone informally requesting additional information regarding these allegations. Through further contact with the SEC on March 10, 2011, Cobalt learned that the SEC is seeking to understand the nature of Cobalt's relationships with the members of the contractor group for Blocks 9 and 21 offshore Angola as disclosed in the Annual Report.</p> <p>. . .</p> <p>The other company is Alper Oil, Limitada ('Alper'), who holds a 10% working interest in these blocks and is a 'carried' member of the contractor group, meaning that it is not required to make any payments under the Risk Services Agreements with respect to the initial exploration activities on the blocks, though such payments are ultimately recouped by the other paying members of the contractor group upon production of oil from the blocks. It is customary in Angola to have both paying and carried members of the contractor group."</p> <p>Ex. 9, 3/11/2011 8-K, at 1–2.</p>

<p>“The 2010 Form 10-K . . . represented that Cobalt’s ‘familiarity with [Nazaki and Alper] is limited’ and that ‘last year we were made aware of allegations, that we are continuing to look into, of a connection between senior Angolan government officials and Nazaki (a full paying member of the contractor group for Blocks 9 and 21).”</p> <p>CAC ¶ 129.</p>	<p>“In connection with entering into our Risk Services Agreements for Blocks 9 and 21 offshore Angola, two Angolan-based E&P companies were assigned as part of the contractor group by the Angolan government. We had not worked with either of these companies in the past, and, therefore, our familiarity with these companies is limited. However, last year we were made aware of allegations, that we are continuing to look into, of a connection between senior Angolan government officials and Nazaki (a full paying member of the contractor group for Blocks 9 and 21).”</p> <p>Ex. 8, 3/1/2011 10-K, at 47–48.</p>
<p>“In the 2011 Form 10-K, Cobalt again represented that it had ‘limited’ familiarity with Nazaki and Alper.”</p> <p>CAC ¶ 139; <i>see also id.</i> ¶ 162 (complaining about the same statement in Cobalt’s 2012 10-K); ¶ 176 (complaining about the same statement in Cobalt’s 2013 10-K).</p>	<p>“In connection with entering into our RSAs for Blocks 9 and 21 offshore Angola, two Angolan-based E&P companies were assigned as part of the contractor group by the Angolan government. We had not worked with either of these companies in the past, and, therefore, our familiarity with these companies was limited.”</p> <p>Ex. 13, 2/21/2012 10-K, at 50–51; <i>see also</i> Ex. 29, 2/26/2013 10-K, at 57; Ex. 47, 2/27/2014 10-K, at 55.</p>

Allegation in the CAC	Actual Statement in Publication
<p>“For example, on August 6, 2014, Credit Suisse analysts remarked on the regulators’ investigation that ‘[t]he DOJ is the real driver given criminal fines are the danger. [Cobalt] appears to be discounting a 60+% probability of criminal conviction.’”</p> <p>CAC ¶ 120.</p>	<p>“Deep Discount to Discovered Value, But</p> <ul style="list-style-type: none"> ▪ Bottom Line: CIE has been one of the more successful explorers in recent years, is moving towards first cashflow and owns equity in some of the largest fields in the Gulf of Mexico. We’re raising the value of discovered resource to \$20.6/sh to incorporate upside at Cameia and North Platte. However, CIE also received a Wells Notice on potential FCPA enforcement. We believe CIE is at a deep discount to discovered value, assuming a low tail risk of criminal proceedings, but tail risk has been enough to keep stocks at deep discounts until they are resolved (BP, APC) and there are other undervalued equities out there with lower beta. We lower our 12 mth target to \$22/sh and maintain Neutral until some FCPA clarity emerges. ▪ FCPA – A Difference of Opinion: CIE have taken no reserve for FCPA issues, have undertaken a thorough investigation, believe they have complied with all laws and have a management team with a strong international background. The Wells Notice has not changed management views. So there appears to be a difference of opinion with the SEC. The DoJ is the real driver given criminal fines are the danger. CIE appears to be discounting a 60+% probability of criminal conviction. This looks harsh to us.” <p>Ex. 61, Edward Westlake, <i>Cobalt International Energy - Deep Discount to Discovered Value, But</i>, at 1 (Credit Suisse Analyst Report Aug. 6, 2014).</p>
<p>“On May 20, 2010, in a report titled ‘Goldman Sachs backs Angolan oil deal despite corruption risks,’ journalists at Global Witness discussed how ‘many observers believe that [Nazaki and Alper] are used as fronts by top Angolan officials to enrich themselves privately.’”</p> <p>CAC ¶ 75.</p>	<p>“Alper and Nazaki are obscure companies with no visible industry track record. This is a serious concern as Angola is a poor country afflicted by severe corruption: many observers believe that small and little-known companies are used as fronts by top Angolan officials to enrich themselves privately.”</p> <p>Ex. 6, Press Release, Global Witness, <i>Goldman Sachs Backs Angolan Oil Deal Despite Corruption Risks</i> (May 20, 2010).</p>

<p>“However, on August 5, 2014, it was disclosed that Cobalt’s ‘social payments’ for the Sonangol Research and Technology Center went to a research and technology center that <u>did not exist</u>.”</p> <p>CAC ¶ 117 (emphasis in original).</p>	<p>“Global Witness asked Sonangol for information to confirm the existence of the SRTC, but the company did not respond. We commissioned interviews with well-placed industry insiders, but none of them could confirm that the SRTC exists. Global Witness is calling on the Angolan authorities to disclose where this money has gone.”</p> <p>Ex. 56, Press Release, Global Witness, <i>BP and Partners’ US \$350 Million Payments in Corruption-Prone Angola Show Need for U.S. Transparency Rule</i> (Aug. 4, 2014) (footnote omitted).</p>
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